

CHAPTER V.

SECOND CENTURY OF THE BANK OF ENGLAND.

The Continued Suspension of Specie Payments—The Bullion Report and the Act of 1819—The Contest against the Monopoly of the Bank of England and the Rise of the Joint Stock Banks—The Bank Act of 1844—Theory of its Operation and its Failure to Carry Out the Theory—The Recent Accumulation of Gold in the Bank.

THE great events of the second century of the history of the Bank of England have been the resumption of cash payments, the restriction of circulation by the Bank Act of 1844, and the recent accumulation of gold in the custody of the bank. The Act of 1844 has been the turning point of almost infinite discussion of the theory and practice of banking in England, but, whatever its merits or defects, it has not destroyed the character of the Bank of England as the guardian of the cash reserve of the country, nor prevented London from becoming the centre of the exchanges of the world. Freedom from danger of invasion, the development of banking and credit beyond any point attained elsewhere, a market free to the world's commerce, and a single fixed standard of value have raised England to supremacy among commercial countries and linked the history of her financial progress in some degree with that of all other nations.

The British nation was far from her present position at the close of the Napoleonic wars. Political and military triumphs had come to her, but they had been at the expense of the crippling of her merchant marine, the increase of her